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ABSTRACT

A summary is provided of Alaska's student loan program for postsecondary education. After a brief program descriptions giving the purposes and terms of the program, a question-and-answer section covers purposes and amount of loans, when application should be made, the application process, eligibility and repayments. A schedule of payments and interest for loans of varying sizes is provided. The text of the Alaska Student Loan Statutes and the Alaska Student Loan Regulations complete the booklet. (KM)

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THE ALASKA STUDENT LOAN PROGRAM

ED291274

Program Description
Questions & Answers
Loan Statutes
Loan Regulations

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ALASKA STUDENT LOAN PROGRAM
PROGRAM DESCRIPTION

PURPOSES

- To provide Alaskans with access to postsecondary educational resources through low-interest loans to students.
- To encourage an educated citizenry through initial access to education and training and through inducements to utilize that education and training in Alaska.

TERMS

- Undergraduates and vocational students may borrow up to $5,500 per year of full-time study.
- Graduate students may borrow up to $6,500 per year of full-time study.
- Students may borrow for up to 5 years of undergraduate study, or up to 5 years of graduate study, but for not more than 8 years combined.
- A student must be a two-year Alaska resident to borrow and must maintain full-time study in good standing to continue borrowing Alaska student loans.
- Loans may be used for attendance at any approved institution.
- Proceeds from loans may only be used for the costs of tuition and fees, room and board, and books and supplies.
- Loan repayment begins one year after the student ceases to be a full-time student (except for approved periods of deferment).
- Repayment if over a 10-year period with provision for extending to 15 years if necessary.
- Interest charged on the loans is 8%.

ALASKA STUDENT LOAN PROGRAM
QUESTIONS AND ANSWERS

Question: **Can I borrow for a vocational school?**
Response: Yes. Loans may be made for full-time study in any approved school regardless of where the school is located or whether it is a college or a vocational school.

Question: **How do I know how much I can borrow?**
Response: A student may borrow for tuition and fees, room and board, and books and supplies, up to $5,500 for undergraduate or vocational study, or $6,500 for graduate study.

Question: **How much should I request for room and board or other expenses?**
Response: Each institution has a standard student budget which has been developed. Contact the financial aid office or consult the school catalog to determine the approved expense levels for your school and situation.

Question: **Are travel, or child care, or other necessary and related expenses allowed under the Alaska Student Loan Program?**
Response: In order to determine your total cost of attending a particular school, all of these expenses should be included in your total budget. However, only tuition and fees, room and board, and books and supplies are allowable loan items. Your total income available, or $500, whichever is greater, will be subtracted from your total costs to determine your financial need. The difference, or the cost of the allowable items only, whichever is smaller—up to the borrowing maximum will be awarded.

Question: **Do I have to reapply each year?**
Response: Yes. There is no automatic renewal of loans.

Question: **When should I apply?**
Response: Every effort should be made to apply by May 15 for any attendance for the following July through June fiscal year. That is if you plan to attend school in September, you should apply by the previous May. The earlier you apply, the better your chances are of receiving a loan. **No application will be accepted for a program or term more than two weeks under way.**

Question: **If I apply by May 15, but have my application returned because of errors or incompletion, do I still receive the May receipt date for processing?**

Response: No. An application is not considered received for processing until it is complete and correct.

Question: **How do I actually get my loan money?**

Response: Your loan check is mailed directly to your school's financial aid office. You should contact that office for your state loan check. Once the school has verified your full-time enrollment and good standing, the check will be turned over to you. You must sign and return the Record of Disbursement and Receipt form which accompanies your loan check. Failure to do so, delays further disbursement.

Question: **Do I get my entire loan at one time?**

Response: No, not usually. If you are attending a school on a semester basis, your loan will be disbursed in two payments (one each term). Some programs, especially vocational, will have the loans disbursed in multiples, usually 30 days apart. (Flight students see 20 AAC 15.045(h).)

Question: **How long does it take to get a loan?**

Response: This depends upon when the application is received. To ensure that the loan check will be at your school when you are ready to actually enroll and begin classes, you should apply by May 15. If you wait to apply, your loan check may be late. Once your application is received and processed, a promissory note will be mailed to you. This must be signed and returned to the loan office. A check will then be automatically generated and mailed to your school 2-3 weeks before your classes start. (It should be noted that no promissory note may be mailed prior to July 1 or at least until a loan appropriation bill has passed the Legislature and been signed by the Governor.)

Question: **What happens if I fail some class or do not complete the course in which I enroll?**

Response: To receive your loan disbursements, or to qualify for new loans, you must be in good standing. That means a cumulative grade-point-average (GPA) of 2.0 (C) for undergraduates and 3.0 (B) for graduates,

successfully completing a full-time load (12 hours per term for undergraduates and 9 hours per term for graduates), and not having any single term GPA fall below 1.5 or 2.5, for undergraduates and graduates respectively. Vocational students must log 30 clock hours of instruction each week.

Question: **If I become ineligible by not making good standing requirements, what can I do?**

Response: If a student has some extraordinary reason for failing to meet the requirements, an appeal process exists, and the student may appeal for a waiver on forms provided by the loan office. Otherwise, the student remains ineligible until such time as the student successfully completes a term of full-time study and meets the minimum grade-point-average requirements without financial aid from this program.

Question: **When do I start repaying my loan?**

Response: Once you cease to be a full-time student you have a 12-month grace period. After that time, monthly payments are to begin. You will be mailed a payment booklet with tear-out coupons to accompany your monthly payments.

Question: **What if I can not make the payments?**

Response: If you are unemployed, you may apply for a one-time unemployment deferment for up to one year. If you are employed, but the payments are too high for you to manage, you may apply for extending your payments over 15 years, rather than 10. If you still fail to make payments, the State will file a judgment against you and take whatever action is necessary to secure the obligation (property seizure, garnishment of wages, etc.)

Question: **How much are the payments?**

Response: On a 10-year schedule at 8% interest, your monthly payment will be $12.80 per thousand dollars borrowed.

Question: **Do I have to borrow every year?**

Response: No. Only borrow when you need assistance. You may borrow for each year of study or for only one or two. It depends on your needs.

Question: **What if I have more questions?**

Response: Carefully read the Student Loan Statutes and Regulations included in this booklet. If the questions still exist, write to or visit the Juneau office at:

Division of Student Financial Aid
Alaska Commission on Postsecondary Education
Box FP
Juneau, Alaska 99811

or call (907) 465-2962 or (907) 465-2990;

or visit the Anchorage office at:

Alaska Commission on Postsecondary Education
3601 C Street, Suite 478
Anchorage, Alaska

or call (907) 561-4207.

A PAYMENT REMINDER

While you are planning your college or vocational education, in addition to deciding what school will best meet your needs and goals, you should also plan how you are going to meet your educational expenses.

Since 1971, we have assisted over 112,400 Alaskan residents in achieving their educational ambitions by providing financial assistance. At the same time, we also realize the pitfalls that can await student borrowers who become over-burdened with debt and find repayment a real hardship.

Because of this, we urge students not to borrow any more than is absolutely necessary. Your student loan should by used to supplement other available sources of assistance such as scholarships, grants, work-study programs, parental and family aid, etc.

So that you will be aware of your future financial obligation regarding your Alaska Student Loan(s), the following table outlines what your monthly payments would be over a 10 year repayment cycle for various total loan amounts borrowed. In addition to the principal which must be repaid, interest accrues at a rate of 8% per year.

TOTAL LOAN	MONTHLY PAYMENT	8% INTEREST	PRINCIPAL	TOTAL
$ 1,000.00	$ 12.80	$ 535.60	$ 1,000.00	$ 1,535.60
2,000.00	25.60	1,072.40	2,000.00	3,072.40
3,000.00	38.40	1,608.00	3,000.00	4,608.00
4,000.00	51.20	2,143.60	4,000.00	6,143.60
5,000.00	63.99	2,679.20	5,000.00	7,679.20
6,000.00	76.80	3,216.00	6,000.00	9,216.00
7,000.00	89.60	3,751.60	7,000.00	10,751.60
8,000.00	102.39	4,287.20	8,000.00	12,287.20
9,000.00	115.19	4,822.80	9,000.00	13,822.80
10,000.00	128.00	5,359.60	10,000.00	15,359.60
15,000.00	191.99	8,038.80	15,000.00	23,038.80
20,000.00	255.99	10,719.20	20,000.00	30,719.20
25,000.00	319.99	13,398.40	25,000.00	38,398.40
30,000.00	383.98	16,077.60	30,000.00	46,077.60
35,000.00	447.98	18,758.00	35,000.00	53,758.00
40,000.00	511.98	21,437.20	40,000.00	61,437.20
45,000.00	575.97	24,116.40	45,000.00	69,116.40
50,000.00	639.97	26,796.80	50,000.00	76,796.80

SEC. 14.43.090. Scholarship Revolving Loan Fund. (a) There is created a scholarship revolving loan fund. The fund shall be used to make scholarship loans to students selected under AS 14.43.090—14.43.160, to pay the costs of collecting scholarship loans that are in default if those costs are not recovered from the student, and to pay the costs of administering the fund. Unless the instrument evidencing the scholarship loan has been sold or assigned to the Alaska Student Loan Corporation, all repayments of principal and interest on a scholarship loan shall be paid into the scholarship revolving fund. If money estimated to be available is inadequate to fully fund estimated scholarship loans for any fiscal year, additional funding from the general fund may be requested and appropriated for that year.

SEC. 14.43.095. Financial Aid Committee. (a) The student financial aid committee is composed of the members of the Alaska Commission on Postsecondary Education. The commission may delegate its functions under AS 14.43.090—14.43.160 to a committee of its members, with augmented membership as the commission considers appropriate. The executive officer of the commission is the executive secretary of the committee. The Alaska Commission on Postsecondary Education shall administer the program established by AS 14.43.090—14.43.160.

(b) Members of the committee serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions.

(c) The committee shall make an annual report reviewing the work of the committee to the governor and the legislature.

(d) The committee shall meet at least once a year. The meetings shall be held at the call of the chairman or upon petition by two members.

SEC. 14.43.100. Applications. (a) Applications shall be submitted to the executive secretary of the committee.

(b) A person whose loan or grant application is not recommended or presented to the committee by the executive secretary may appeal to the committee through the chairman of the committee and the committee shall consider the application.

SEC. 14.43.105. Administration of Program. The executive secretary shall administer the programs subject to review by the committee and in accordance with the regulations prescribed by the committee. The promulgation of these regulations is subject to the Adminis-

trative Procedure Act (AS 44.62), and a summary of the regulations shall be distributed to each applicant.

SEC. 14.43.110. Undergraduate Loans. The student financial aid committee may make a loan, not to exceed $5,500 in any one school year, to an undergraduate student eligible under AS 14.43.125. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the $5,500 maximum, if the loan for the summer term is counted against the $5,500 maximum for the following school year.

SEC. 14.43.115. Graduate Loans. The student financial aid committee may make a loan, not to exceed $6,500 in any one school year, to a graduate student who is eligible under AS 14.43.125 and is pursuing an advanced degree. The committee may make a loan for a summer term, even if the total loan for the school year exceeds the $6,500 maximum, if the loan for the summer term is counted against the $6,500 maximum for the following school year.

SEC. 14.43.120. Conditions of Loans. (a) Proceeds from scholarship loans may only be used for books, tuition and required fees, and for room and board.

(b) Scholarship loans may only be used to attend a

(1) career education program that has been approved by the Commission before July 1, 1986, or has been operating for at least two years before the borrower attends; or

(2) college or university that

(A) has been approved by the commission before July 1, 1986, or has been operating for at least two years before the borrower attends;

(B) is accredited by a national or regional accreditation association recognized by the Council on Postsecondary Accreditation or is approved by the commission;

(C) if the loans are federally insured, is approved by the United States Commissioner of Education.

(c) To maintain a loan the student must continue to be enrolled as a full-time student in good standing in a career education program, college or university designated under (b) of this section. The commission shall adopt regulations defining "good standing" for purposes of this subsection.

(d) Scholarship loans may not be made to a student

(1) for more than five years of undergraduate study;

(2) for more than five years of graduate study;

(3) for more than a total of eight years of undergraduate and graduate study.

(e) Loans are interest bearing while a student is enrolled under (c) of this section or receiving a deferment of payments under (k) of this section; however, a student is entitled to have a portion of the interest paid in accordance with (l) of this section.

(f) Interest on a loan given under AS 14.43.090-14.43.160 is at the rate of 8% a year, unless the loan is in default. Interest on a loan that is in default is 10% a year for the period the loan is in default.

(g) Repayment of the principal and interest on the loan begins no later than one year after the borrower's studies are terminated. The loan shall provide for repayment of the total amount owed in periodic installments in not more than 10 years from the commencement of repayment, except as provided in (k) and (m) of this section. If the commission and the borrower agree to a different repayment schedule, the borrower shall repay the loan in accordance with the agreement. A borrower may make payments earlier than required by this subsection.

(h) The student financial aid committee may request a cosigner on a loan for a borrower under 21 years of age. However, a loan may not be denied because of the lack of a cosigner. No other security may be required for a loan; however, provision shall be made for payment of all fees and costs incurred in collection of the amount owed on a loan if it becomes delinquent or in default.

(i) If a loan is in default, the commission shall notify the borrower that repayment of the remaining balance is accelerated and due by sending the borrower a notice by registered or certified mail. The permanent fund dividend of a borrower may be taken under AS 43.23.065(b)(4) to satisfy the balance due on the defaulted loan.

(j) Repealed.

(k) Periodic installments of principal shall be deferred, but interest shall accrue and be paid unless the student is eligible for interest payment benefits under (l) of this section during any of the following:

(1) return to student status as provided in (c) of this section;

(2) serving an initial period of up to six years on active duty as a member of the armed forces of the United States;

(3) serving, for up to three years, as a full-time volunteer under the Peace Corps Act;

(4) serving, for up to three years, as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

(5) for a one-time period up to 12 months in which the borrower is seeking and unable to find employment in the United States; or

(6) if the borrower becomes 50% or more disabled as certified by competent medical authority.

(l) The state shall pay the interest on that portion of a loan that is not federally insured during

(1) the period in which the borrower is a full-time student; and

(2) deferments under (k) of this section.

(m) In case of hardship, the committee may extend repayment of a loan for an additional period of up to five years in increments no longer than 12 months each.

(n) Repealed.

(o) Repealed.

(p) For purposes of this section, a person qualifies as a resident if the person is physically present in the state with the intent to remain permanently in the state or, if not physically present in the state, the person intends to return to the state and is absent due to military service.

(q) For purposes of this section, a loan is in default if loan payment is 120 or more days past due.

SEC. 14.43.125. Eligibility of Students. (a) A person may apply for and obtain a scholarship loan if the person

(1) is

(A) enrolled as a full-time student in a career education, associate, baccalaureate, or graduate degree program; or

(B) a graduate of a high school or the equivalent, or scheduled for graduation from a high school within six months, with sufficient credits to be admitted to a career education pro-

gram or to an accredited college or university;

(2) is not delinquent or in default on a previously awarded scholarship loan; and

(3) is a resident of the state at the time of application for the loan; for purposes of this section, a person qualifies as a resident of the state if at the time of application for the loan the person

(A) has been physically present in the state for at least two years immediately before the time of application for the loan;

(B) is dependent on a parent or guardian for care, the parent or guardian has been present in the state for at least two years immediately before the time of application for the loan and the person has been present in the state for at least one year of the immediately preceding five years except that the commission may by a two-thirds vote, acting upon a written appeal by the person, grant an exemption to the requirement that the person has been present in the state for one year of the immediately preceding five years;

(C) has been physically present in the state, or is a dependent of a parent or guardian who has been physically present in the state, for at least two years immediately before the applicant was absent from the state and the absence is due solely to

(i) serving an initial period of up to six years on active duty as a member of the armed forces of the United States;

(ii) serving, for up to three years, as a full-time volunteer under the Peace Corps Act;

(iii) serving, for up to three years, as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

(iv) required medical care for the applicant or the applicant's immediate family;

(v) being a person who otherwise qualifies as a resident and is ac-

companying a spouse who qualifies as a resident under (i)-(iv) of this paragraph; or

(D) has been physically present in the state, or is a dependent of a parent or guardian who has been physically present in the state, for at least two years immediately before the applicant or the parent or guardian was absent from the state and the absence is due solely to

(i) participating in a foreign exchange student program recognized by the commission;

(ii) attending a school as a full-time student;

(iii) full-time employment by the state;

(iv) being a member of or employed full-time by the state's congressional delegation;

(v) being a person who otherwise qualifies as a resident and is accompanying a spouse who qualifies as a resident under (i)-(iv) of this paragraph.

(4) does not have a past due child support obligation established by court order or by the child support enforcement division under AS 47.23.160-47.23.220 at the time of application.

(b) A person does not qualify as a resident of the state under this section if the person declares or establishes residence in another state during an absence from Alaska.

SEC. 14.45.135. Discrimination Prohibited. The student loan program shall be carried out without regard to the race, creed, sex, color, ancestry, national origin, or membership in fraternal or political organizations of the student applying for the loan.

SEC. 14.43.140. Enforceability of Certain Contracts With Minors. A written obligation entered into by a minor at least 16 years of age, evidencing a loan or other assistance received by the minor from any person for the purpose of furthering the minor's education in a career education program or an institution of higher learning, is enforceable against the minor with the same effects as if the minor were, at the time of its execution, 19 years of age, if the person making the loan has before making the loan a certification from the institution that the minor is enrolled in the institution or has been accepted for enrollment.

SEC. 14.43.160. Definitions. In AS 14.43.090-14.43.160 (1) "career education" means a course or program in vocational-technical training or education approved by the commission;

(2) "full-time student" means an undergraduate or career education student who is enrolled and is in regular attendance at classes for at least 12 semester hours of credit or the equivalent during the semester or a graduate student who is enrolled and is in regular attendance at classes for at least nine semester hours of credit or the equivalent; any combination of semester hours of credit, or the equivalent, aggregating to the requisite number of semester hours and undertaken during a semester at two or more public or private institutions of higher education constitutes full-time student status;

(3) Repealed.

(4) Repealed.

(5) "school year" means the period from September 1 of one year through August 31 of the following year;

(6) "commission" means the Alaska Commission on Postsecondary Education;

(7) Repealed.

(8) "federally insured" means a loan covered by the provisions of the Guaranteed Student Loan Program of Title IV, Part B, of the Higher Education Act of 1965 (P.L. 89-329), as amended.

(9) "summer term" means the period from June 1 through August 31.

ALASKA STUDENT LOAN REGULATIONS
(20 AAC 15.010—20 AAC 15.085)

20 AAC 15.010. Purpose of Scholarship Loan Program. The scholarship loan program provides low-cost educational loans to Alaskan students enrolled in full-time undergraduate, graduate, or career education degree programs.

20 AAC 15.015. Administration. The executive secretary of the commission shall appoint loan personnel to review all applications for scholarship loans and determine an applicant's eligibility and amount of

award, subject to review by the executive secretary and the commission.

Editor's Note: All forms provided by the commission, including applications for scholarship loans, are available from the Alaska Commission on Postsecondary Education, Box FP, Juneau, Alaska 99811.

20 AAC 15.020. Filing Dates. (a) The application deadline for loan applications is May 15 preceding the school year for which the loan is requested.

(b) An application will be considered timely filed only if it is postmarked on or before the applicable deadline, contains all information required to make a determination of the applicant's eligibility and the amount of the loan award, and is accompanied by four signed verification of residency forms. The residency forms must be signed by adults who live at different addresses from each other and who have periodic contact with the applicant. At least one residency form should be signed by a relative of the applicant.

(c) An incomplete application will be returned to the applicant with a request for further information. No further action will be taken on an incomplete application until it is resubmitted.

(d) Repealed 12/7/80.

(e) Except for good cause shown, as determined by loan personnel, an application will not be accepted from a person who has attended more than two weeks of the school term for which the loan is requested.

20 AAC 15.025. Priority Ranking of Applicants. (a) Upon receipt of a completed application for collegiate study, an applicant will be assigned priority points based upon the schedule set out in (b) of this section.

(b) Each applicant for a loan for a collegiate program will be assigned priority points based upon student status and state of attendance, according to the following schedule:

(1) student status (during loan period):
  (A) continuing undergraduate or graduate students with existing Alaska student loans for the previous school year or term . . . . . 6 points
  (B) remaining senior students . . . . . 5 points
  (C) remaining junior students . . . . . 4 points
  (D) remaining sophomore students . . 3 points
  (E) remaining freshman students . . . 2 points
  (F) remaining graduate students . . . . 1 point
(2) students attending colleges or universities in Alaska . . . . . 1 point

(c) Completed applications for collegiate study received by February 15th will be grouped together. Complete applications received after February 15th will be grouped in monthly lots. The groups will be processed according to priority point accumulation. Those applicants receiving the highest priority point accumulation within a group will be processed first and those receiving the lowest priority point accumulation within a group will be processed last. In the case of equal point accumulation within a group, priority will be based upon the earliest date of receipt of the completed application.

(d) Completed applications for a non-collegiate postsecondary program will be processed in the order of receipt of the application in the loan office.

20 AAC 15.030. Computation of Authorized Loan Awards. (a) Repealed 7/9/82.

(b) The maximum authorized loan for an applicant enrolled for less than a full school year, as defined by the enrolling institution and as approved by loan personnel, is determined by prorating the maximum authorized loan award based upon the actual period of attendance, unless the period of attendance encompasses the entire program of study, in which case the award will be based upon computation of financial need.

(c) Subject to the limitations of (b) of this section, an applicant's authorized loan award will be based on loan personnel's computation of the applicant's financial need. Financial need will be computed as the difference between (1) the required fees, tuition, room, board, books and supplies, as applicable, charged by the institution for the course of study for which the applicant has been accepted or is enrolled in full-time status, and (2) the amount of money available to the applicant from other sources to meet those expenses; or $500; whichever is greater. The amount of the authorized loan award will be the next lower multiple of $50 below the computed financial need.

(d) Married students applying for separate loans may apportion those expenses listed on their applications which are for common use or commonly held property as they see fit. However, the total of commonly shared expenses listed on both applications may not exceed 100 percent of the actual expenses.

(e) An applicant who elects to live off campus when room or board is available from the institution may list as an expense only the cost of the room or board available from the institution, unless it can be demonstrated that any additional expense for living off campus is reasonable and necessary.

(f) Loan personnel may require an applicant to furnish copies of financial records and other relevant information to verify statements on the application.

(g) An applicant who has been awarded a loan based on admission to a particular institution shall notify loan personnel immediately if the applicant elects to attend a different institution. The applicant shall then resubmit a loan application based on admission at the new institution. The applicant will not lose the priority category status, determined under section 20 AAC 15.025(a), but shall give 60 days notice of the change in institutions to insure the timely receipt of money.

20 AAC 15.035. Limitations on Granting Authorized Loan Awards. Repealed 12/7/80.

20 AAC 15.036. Limitations on Granting Loan Awards. A loan will not be awarded for

(1) an educational program that is avocational or recreational in nature;

(2) flight instruction leading to certification as a private pilot;

(3) flight instruction for type ratings or other proficiencies, unless the student currently holds a commercial license; or

(4) a program of study offered outside the state in which the institution is located, unless the program's location is based upon, and serves, a bona fide educational purpose.

20 AAC 15.040. Conditions and Limitations of Loans. (a) The recipient of a scholarship loan shall report to loan personnel any changes which affect the conditions of the loan or the repayment schedule, including any change of address, withdrawal or dismissal from the recipient's full-time course of study, change in schools, or state residency status, or change in financial status.

(b) Money received for scholarship loan may be used only for books and supplies, tuition, required fees, room and board.

(c) A promissory note in full amount of the loan award must be signed by the recipient, or by the recipient's parent or legal guardian if the recipient is under 16 years of age. However, liability for the loan is limited to the actual amount of the loan funds disbursed to the recipient, plus interest and collection fees as necessary.

(d) The provisions of 20 AAC 15.010—20 AAC 15.085 will be incorporated by reference into each promissory note.

(e) Loans will not be granted for more than five full undergraduate school years, or more than five full graduate years, or more than a total of eight full school years of combined undergraduate and graduate study.

(f) The costs incurred in the collection of a defaulted loan, including attorney fees and court costs, shall be borne by the recipient.

(g) Interest on a loan begins to accrue on the date of initial loan disbursement. However, interest will be paid for a student during a period of deferment provided under 20 AAC 15.055.

(h) Interest shall be computed at the annual rate of eight percent of the outstanding balance of the loan.

(i) At the time the student applies for a loan, loan personnel will provide an anticipated repayment schedule for the total amount of the current loan and any loans received in prior consecutive years. The repayment schedule will be computed from the date the recipient anticipates the completion of the recipient's full-time course of study. The schedule will include a 12-month optional deferment period, the number and amount of payments, including interest, over the 10 succeeding years; and the annual percentage rate of interest.

(j) For non-collegiate postsecondary programs, the commission applies the standard of good standing used by the institution of attendance. For collegiate programs the commission applies the cumulative grade point average (G.P.A.) based upon the following minimums, computed for two or more terms of attendance at the institution for which the loan is made:

Student Level	**Minimum Requirement**
Undergraduate	2.00 cumulative G.P.A.
Graduate	3.00 cumulative G.P.A.

(k) In addition to the requirements established in (j) of this section, the student must successfully complete all course work in which the student is enrolled while a recipient under the scholarship loan program, up to the required full-time enrollment in each term of enrollment, and must maintain a grade point average of at least 1.50 or 2.50, for undergraduate and graduate students respectively, for each term. If a recipient fails to meet the standards of this subsection, the recipient is ineligible to receive further loans or loan disbursements until successfully completing a term of full-time study and meeting the grade point average requirements.

(l) A recipient who fails to meet the requirements in (j) and (k) of this section may for good cause obtain a waiver from loan personnel. The request for waiver must be filed on forms provided by the commission and must set out the reasons for the request. Loan personnel shall determine whether the reasons constitute good cause as defined in 20 AAC 15.085(a)(5) and shall grant or deny the request on that basis. Loan personnel may require documentation before making a decision.

(m) A recipient in a flight school program must hold, as a prerequisite for eligibility, a valid private pilot's certificate. Only one loan will be awarded per certificate or rating under the flight school program.

(n) A recipient may be enrolled in more than one institution, but must be enrolled for at least 75 percent of a full-time student requirement in the degree-granting institution for which a loan is obtained. The total of these multiple enrollments must be equivalent to at least full-time enrollment.

(o) A recipient who has previously received loans under the scholarship loan program, and whose loans are in repayment, must be current in monthly payments through the month immediately preceding the new loan period in order to receive a new loan.

(p) A loan may be granted to a student attending an educational institution that is not ineligible under 20 AAC 15.081 and is

(1) an Alaska institution that has been authorized to operate by the commission;

(2) a non-Alaska institution that has been approved by the United States Department of Education, Office of Financial Assistance for receipt of federal student financial aid;

(3) a non-Alaska institution that is accredited by a national accreditation association, or the regional accreditation association for the area in which the school is located; or

(4) a non-Alaska institution that is authorized as a certified flight school under 14 C.F.R. Part 141.

20 AAC 15.045. Disbursement and Handling of Loan Awards. (a) A loan will be disbursed in equal or proportionate installments. Except as provided in (h) of this section, a loan for a vocational program will be disbursed in two equal installments, with the second installment issued 30 days after the first, or when the school determines the good standing of the borrower, whichever occurs later.

(b) A warrant for the appropriate amount of the loan disbursement and a record of disbursement and receipt form will be mailed to the recipient in care of the financial aid officer of the institution which the recipient is attending.

(c) Before delivering the warrant to the recipient, the financial aid officer shall certify, on a form to be provided by the commission, that the recipient is a full-time student in good standing at the institution. The certifying institution must certify full-time and good standing status for a student enrolled in more than one institution.

(d) At the time the warrant is delivered, the recipient must certify its receipt on the record of disbursement and receipt form.

(e) The recipient is responsible for the return of the record of disbursement and receipt form to loan personnel. Failure to return a completed form will result in no further warrants being issued to the recipient.

(f) An institution may not hold a loan warrant for longer than 60 calendar days after (1) the beginning of the school term for which the warrant is issued, (2) the issuance of loan warrant, (3) or the specified date of beginning of the school term, for which the warrant is issued, whichever is later. If the warrant is unclaimed or the student is ineligible at the end of the 60-day period, the institution shall return the warrant to the commission stating the reasons for its return; the warrant and the remaining portion of the loan will then be cancelled.

(g) An institution that has courses of study for which tuition is charged on a pay-as-you-go basis and that holds unearned tuition funds on behalf of a recipient, must place that money in a non-interest-bearing trust account containing only tuition. The tuition money may be withdrawn only as it is earned by the institution as a result of the recipient's enrollment and attendance under the terms of the institution's enrollment agreement. If a recipient fails to attend or otherwise withdraws from the school, the balance of tuition remaining on account with the school, if any, must be returned to the Alaska Student Loan Office.

(h) A loan for flight instruction will be disbursed monthly, on a reimbursement basis, to the flight school. Each installment amount will be based upon a certified billing by the school on behalf of the borrower in attendance at that school.

20 AAC 15.050. Repayment of Loans. (a) The repayment period of a loan begins 12 months after th-

date the recipient ends full-time student status. The first payment becomes due on the first day of the 13th month after the date the recipient ends full-time student status.

(b) At the time the recipient first ends full-time student status, the recipient must contact loan personnel and establish a repayment schedule.

(c) Payments for all loans granted to a recipient may be consolidated into single monthly payments.

(d) Subject to the deferment provisions of 20 AAC 15.055 and the hardship provisions of (e) and (f) of this section, a loan must be fully repaid within 10 years from the date first payment is due.

(e) In cases of hardship, loan personnel may alter the repayment schedule by extending the period of repayment, subject to the deferment provisions of 20 AAC 15.055, to a maximum term of 15 years, or weight the regular payments to ease payment in the first years and require larger payments in later years, or both. Loan personnel will consider such factors as the seriousness of the hardship, its anticipated duration and the expectation of increased earnings in later years in making a determination under this subsection.

(f) A recipient whose repayment schedule has been altered as a result of hardship must certify annually to loan personnel the continued existence of the conditions under which the hardship determination was made. At the time the conditions no longer exist, the recipient must notify loan personnel and renegotiate the payment schedule, based on the loan's outstanding balance and accrued interest.

(g) If a recipient makes a payment in an amount larger than that required by the repayment schedule, the excess will be applied to the remaining principal of the loan unless otherwise specified by the recipient.

20 AAC 15.055. Deferment of Payments. (a) Periodic installments of principal will be deferred, but interest accrues and must be paid unless the recipient is eligible for interest payment benefits under 20 AAC 15.040(g) during

(1) a return to full-time status;

(2) active duty as a member of the armed forces of the United States;

(3) service for up to three years as a full-time volunteer under the Peace Corps Act;

(4) service for up to three years as a full-time volunteer under the Domestic Service Act of 1973;

(5) for a one-time period of up to 12 months in

which the recipient is seeking and unable to find employment in the United States;

(6) a period of disability during which the recipient is unable to attend school or to be gainfully employed as certified by competent medical authority, if (A) the disability is not based upon a condition that existed before making the loan application, or (B) the condition has substantially deteriorated since the time of the application, or

(7) an internship or residency which is required as a part of the program of study if the internship or residency does not exceed 24 months.

(b) A recipient who desires a deferment of payments under this section must complete a form provided by the commission describing the conditions under which the deferment is requested. Scheduled payments and interest will continue to accrue until the request for deferment is approved. Loan personnel will approve or deny the request.

(c) Repealed 12/7/80.

(d) A recipient who has received a deferment must notify loan personnel immediately when the conditions under which the deferment was granted no longer exist. When loan personnel receive this notification, the recipient's payment schedule will be redetermined and the recipient notified of the number and amount of the payments required to retire the loan.

(e) A recipient whose loan is in default is not eligible for a deferment under this section.

20 AAC 15.065. Default. (a) A recipient's loan will be considered in default if loan payment is 120 or more days past due, the recipient fails to comply with the reporting requirements of 20 AAC 15.040(a), or if the recipient is determined by loan personnel to have falsified any required document.

(b) When a loan is 90 days past due, the recipient will be notified of that fact. The recipient has 30 days to cure the delinquency or otherwise respond in writing to loan personnel. Failure to cure the delinquency or otherwise respond to the 90-day notification within 30 days will result in a loan default.

20 AAC 15.070. Appeals to the Executive Secretary. (a) A decision or other determination of loan personnel under 20 AAC 15.010—20 AAC 15.081 may be appealed in writing to the executive secretary of the commission. The appeal must be postmarked within 30 days after the date the recipient was notified of the decision or determination being appealed, must clearly state the objections to that decision or determination,

and must set out justification for an alternative decision or determination.

(b) The executive secretary shall render a decision, in writing, as expeditiously as possible after receipt of the appeal.

(c) Upon request, the executive secretary shall give the recipient or designated representative the opportunity to present the appeal in person.

20 AAC 15.075. Appeals to the Commission. (a) A decision of the executive secretary may be appealed to the commission. The appeal must be made within 30 days after the receipt of the executive secretary's decision, must clearly state the objections to that decision, and must set out justification for any alternative decision.

(b) The chairman of the commission will place an appeal on the agenda for the commission's next meeting and notify the recipient of the time and location of the meeting. The recipient or designated representative may present the appeal in person at that time. The commission will act on the appeal and will notify the recipient of the decision.

(c) The commission's decision on an appeal is final.

20 AAC 15.080. Complaint File. (a) A written complaint regarding the administration of the scholarship loan program must be answered within 30 days of its receipt.

(b) Loan personnel shall maintain a separate complaint file.

(c) At the commission's first meeting of the calendar year loan personnel shall provide the commission with a synopsis of all written complaints received during the preceding 12 months and a description of the action taken on each complaint.

20 AAC 15.081. Loan Audit and Institutional Sanctions. (a) No loan may be made to a person to attend an institution that has failed to consent to periodic audits by loan personnel for purposes of determining verification of student loan eligibility, management of student loan documents, and compliance with state student loan laws. The consent must be on a form provided by the commission.

(b) At the conclusion of the audit, loan personnel shall set out an error rate based upon the number of institution loan files audited, divided into the number of files failing to comply with eligibility requirements, necessary documentation, or other requirements of state student loan law.

(c) An institution enrolling less than 50 student loan recipients which receives an audit error rate of 10 percent or greater, or an institution enrolling 50 or more student loan recipients which receives an audit error rate of five percent or greater, must be placed upon probation. Loan personnel will recommend to the commission a period of probation, not to exceed 24 months. The commission will affirm or modify the recommendation. An institution placed on probation may be audited again during the probationary period.

(d) An institution audited after being placed on probation shall receive a new error rate and general audit report. If the error rate has been reduced to less than the level prescribed in (c) of this section, the probationary status will be removed.

(e) An institution audited after being placed on probation and receiving a second error rate equal to or in excess of that prescribed in (c) of this section shall be designated "ineligible."

(f) An ineligible institution may not receive or distribute student loans under this program. The period of ineligibility extends for not less than one year nor more than three years, as determined by the commission.

(g) After the period of ineligibility has expired, the institution will be placed on probation for a 24-month period, with audits to be performed at the end of 12 and 24 months.

(h) An institution declared ineligible under (e) of this section may request a hearing before the commission.

(i) Upon receipt of the request for hearing, the chairman of the commission will schedule a hearing and will notify the institution of the time and place of the hearing. The institution may present facts and argument on its alleged non-compliance. The commission will affirm or modify the status of the institution under the scholarship loan program.

20 AAC 15.085. Definitions. (a) In 20 AAC 15.010—20 AAC 15.085,

(1) "career educational degree program" means a full-time course of study in a recognized occupation leading to a degree, diploma, or comparable certificate of completion;

(2) "commission" means the Alaska Commission on Postsecondary Education;

(3) "full-time course of study" means a course of study at least six weeks in duration which

(A) consists of the completion of a minimum of 24 semester or 36 quarter hours within one school year by an undergraduate student or, if enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year;

(B) consists of the completion of a minimum of 18 semester or 27 quarter hours within one school year by a graduate student or, if enrollment commences after the first term, the completion of that portion of the hourly requirements which equals the portion remaining of the school year; or

(C) for a career education program

(i) consists of the completion of a minimum of 1,080 clock hours, as a clock hour is defined in (4)(C) of this subsection, within one school year;

(ii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion remaining of the school year if enrollment commences after the first term of the school year; or

(iii) consists of the completion of that portion of the hourly requirements of (i) of this subparagraph which equals the portion of the school year represented by the length of the career education program if the career education program does not last for the entire school year;

(4) "full-time student" means

(A) an undergraduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies which the school requires to consider the student as engaged in full-time study and which amount to the equivalent of 12 undergraduate semester, or quarter hours per academic term; or

(B) a graduate student, in good standing, who is enrolled in any combination of courses, work experiences, research, or special studies which the school requires to consider the student as engaged in full-time study and which amount to the equivalent of nine graduate semester, or quarter hours per academic term; or

(C) a student enrolled in a non-flight school career education program for at least 30 clock hours per week, a clock hour being a period of time that is the equivalent of a 50- to 60-minute class, lecture, or recitation; or

(D) a student enrolled in an approved flight school program who logs a minimum of 17 hours per month, or averages 51 hours for a three-month period; compliance with this requirement will, in the commission's discretion, be excluded upon documentation of restrictive weather conditions.

(5) "good cause" means duress, major medical disability, death in the immediate family, administrative error, or academic record at least five years old;

(6) "graduate degree program" means an educational program for which a master's degree, doctorate, or other degree requiring study beyond that necessary for a bachelor's degree is awarded;

(7) "hardship" means

(A) being unable to meet the obligation to repay a scholarship loan over the term or in the amount determined by loan personnel; or

(B) having a total student indebtedness of $20,000 or more;

(8) "successfully complete" means to complete a course for which academic credit is earned;

(9) "undergraduate degree program" means

(A) an educational program for which a bachelor's degree is awarded; or

(B) an educational program for which an associate degree, or comparable certificate is awarded, and which is acceptable, upon transfer, for full credit towards a bachelor's degree.

(10) "duress" means severe and prolonged psychological or financial stress from an unpredictable cause which is of such a magnitude that continued school attendance or normal academic performance is not possible or practical; psychological stress must be certified by an appropriate medical or counseling authority, and cause of financial stress must be demonstrated.

(b) For the purposes of AS 14.43.120(c), "to maintain a loan" means to continue to be eligible for loan disbursements.

(c) For the purposes of AS 14.43.125(a), "physically present" means actually being in Alaska, except for absences of no longer than eight consecutive weeks or no more than 16 total weeks for the 24 months immediately preceding loan application.

(d) For the purposes of AS 14.43.125(a)(3), "dependent on" or "dependent of" means an individual under the age of 24 on December 31 of the loan award year who was claimed as a dependent by his or her parent or guardian for income tax purposes for the year preceding the loan award year.